



Louisiana Department of Health and Hospitals Final Budget for 2009-10

The final SFY 09-10 budget for the Department of Health and Hospitals, including restorations made in HB881, is \$7,933,811,977. This does not include a one-time special Medicaid payment of \$212,895,000 authorized by HB879 to hospitals for uncompensated care and hurricane-related losses. Not considering these one-time payments, the SFY 09-10 budget is \$240,693,733 less than the previous year – a 2.94 percent overall decrease.

After restorations made in HB881, the final appropriation for the Medicaid private provider program for SFY 09-10 is \$4,250,768,471. This is a \$179,624,183 or 4.05 percent decrease from the previous year. Again, this does not include the special one-time payment of \$212,895,000 to hospitals. When these one-time hospital payments are included, the net Medicaid private provider program expenditures will increase by 0.75 percent.

HB1 contains increases for four provider categories:

- ▶ Federal Qualified Health Centers \$3.4 million (federally mandated increases)
- ▶ Rural health clinics \$11.1 million
- ▶ Pharmacy benefits \$17.8 million
- ▶ Supports Waiver \$1.2 million

HB881 provides for a further increase beyond HB1 for the Supports Waiver program of \$437,384 and \$7.72 million dollars to cover the uncompensated care costs for public and private rural health clinics and hospitals.

Additionally, with the anticipated signing of HB881 and SB247 into law, DHH will be permitted to rebase nursing home rates utilizing non-state general fund dollars from the Elderly Trust Fund – thereby providing an additional \$102.8 million for nursing homes that provide care for more than 25,000 of Louisiana’s elderly. This rate rebasing will offset HB1 nursing home reductions of \$67.3 million, and the net nursing home expenditure will increase by \$35.5 million without utilizing state general fund dollars.

Home health and family planning services in HB1 remain relatively stable (reductions of \$430,276 and \$137,245 respectively). Additional restorations to these provider categories were not made in HB881.

HB881 contains \$129,627,649 of additional restorations which the legislature divided among 24 private provider categories.

For example:

- ▶ An additional \$3.1 million essentially holds stable the EPSDT Screening and Early Diagnosis

program, which is targeted towards children’s health, by limiting overall reductions to \$405,000.

- ▶ Physician services are restored \$18.9 million which decreases their overall reductions to \$28.7 million. DHH intends to prioritize access to primary care as policy decisions are made with regard to physician expenditures.
- ▶ NOW services for people with developmental disabilities are restored \$10 million which decreases their overall reductions to \$30.5 million out of a total of \$362 million. Since SFY 03-04 the state has doubled the size of the waiver in terms of the number of people served. The four years following SFY 03-04, the average per-person cost increased by roughly 28 percent. DHH will continue to implement cost management strategies to insure the continued viability of the waiver, which is the lifeline and an alternative to institutional placement.
- ▶ Intermediate Care Facilities for the Developmental Disabled are restored \$11.3 million which decreases their overall reductions to \$7 million.
- ▶ Hospital inpatient services are restored \$56.2 million which decreases their overall reductions to \$110 million. DHH will continue to work with hospitals to minimize reductions to the outlier program which the legislature did not fully restore.
- ▶ The budget changes for most provider categories are the net result of projected changes to utilization, efficiency, rates and other factors. For inpatient hospital services, as an example, HB1 reduces outlier payments to hospitals by \$70 million and includes \$60.7 million of savings obtained by decreasing unnecessary hospital days by adopting national best clinical practice standards in the Medicaid program. \$40 million of these savings are then used to increase certain hospitals rates. HB881 then restores \$30.8 million for outlier payments and \$25.5 million of rate reductions.
- ▶ HB881 also includes a restoration of \$300,000 to the Jefferson Parish Human Services District and member amendments of \$1.14 million to the Office of the Secretary, \$361,720 to the Office of Public Health, \$469,380 to the Office of Citizens with Developmental Disabilities, and \$275,000 for the Office for Addictive Disorders.